

AMENDED IN SENATE APRIL 13, 2010

SENATE BILL

No. 1441

Introduced by Senator Leno

February 19, 2010

An act to ~~amend Section 728~~ add Article 6.5 (commencing with Section 860) to Chapter 4 of Part 1 of Division 1 of the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

SB 1441, as amended, Leno. Public utilities: ~~rates~~. *transfer of moneys to a utility holding company.*

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, as defined. Under the Public Utilities Act, a public utility is required to seek commission approval prior to selling, leasing, assigning, mortgaging, or otherwise disposing of or encumbering any property necessary or useful in the performance of its duties to the public.

This bill would prohibit a public utility from paying or transferring moneys to its holding company unless approved by a ²/₃ vote of the public utility's ratepayers.

Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the commission is a crime.

Because the provisions of this bill would be a part of the act, the bill would impose a state-mandated local program by creating a new crime.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

~~Existing law authorizes the Public Utilities Commission to fix the rates and charges for every public utility, and requires that those rates and charges be just and reasonable. Existing law provides that whenever the commission, after a hearing, finds that the rates charged by a public utility for services are insufficient, unlawful, unjust, unreasonable, discriminatory, or preferential, the commission is required to determine and fix, by order, the just, reasonable, or sufficient rates to be thereafter observed and in force.~~

~~This bill would make technical, nonsubstantive changes to those provisions.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: ~~no~~-yes.

The people of the State of California do enact as follows:

1 SECTION 1. Article 6.5 (commencing with Section 860) is
2 added to Chapter 4 of Part 1 of Division 1 of the Public Utilities
3 Code, to read:

4
5 Article 6.5. Transfer of Moneys to A Utility Holding Company
6

7 860. A public utility shall not pay or transfer moneys to its
8 holding company unless approved by a two-thirds vote of the public
9 utility's ratepayers.

10 SEC. 2. No reimbursement is required by this act pursuant to
11 Section 6 of Article XIII B of the California Constitution because
12 the only costs that may be incurred by a local agency or school
13 district will be incurred because this act creates a new crime or
14 infraction, eliminates a crime or infraction, or changes the penalty
15 for a crime or infraction, within the meaning of Section 17556 of
16 the Government Code, or changes the definition of a crime within
17 the meaning of Section 6 of Article XIII B of the California
18 Constitution.

19 ~~SECTION 1. Section 728 of the Public Utilities Code is~~
20 ~~amended to read:~~

21 ~~728. Whenever the commission, after a hearing, finds that the~~
22 ~~rates or classifications demanded, observed, charged, or collected~~
23 ~~by any public utility for or in connection with any service, product,~~

1 or commodity, or the rules, practices, or contracts affecting those
2 rates or classifications are insufficient, unlawful, unjust,
3 unreasonable, discriminatory, or preferential, the commission shall
4 determine and fix, by order, the just, reasonable, or sufficient rates,
5 classifications, rules, practices, or contracts to be thereafter
6 observed and in force.

7 In determining and fixing rates for a telephone corporation
8 pursuant to this section or pursuant to Section 455, or in
9 determining whether or not a proposed rate increase is justified
10 pursuant to Section 454, the commission shall, among other things,
11 take into consideration any evidence offered concerning the quality
12 of the particular telephone corporation's services as compared with
13 that of telephone corporations in adjacent territory, and the
14 permissible rates for comparable service charged by telephone
15 corporations in adjacent territory.